STATE OF COLORADO

DIVISION OF HOUSING

Kathi Williams, Director

STATE HOUSING BOARD MEETING
Centennial Building
1313 Sherman St., Denver, CO, Room 318
Tuesday, February 10, 2009

AGENDA

1:00 p.m.	Convene SHB Meeting - Approval of Minutes	Theo Gregory
	Director's Comments	Kathi Williams

Application Presentations

Time	Project #	Project Name and Applicant	Presenters
1:15 p.m.	08-068	Town of Pagosa Springs Hickory Ridge Apartments	Bill Whaley & Tamra Allen
1:30 p.m.	09-014	Morgan County S.A.R.A. Shelter	Denise Selders & Paula Bragg
1:45 p.m.	08-026	Lakewood Housing Authority Maplewood Apartments	Ann Watts & Bill Lunsford
2:00 p.m.	08-012	Volunteers of America Casa De Rosal Apartments	Meghen Duggins & Charles Gould
2:15 p.m.	08-050	Mercy Housing Colorado Aromor Apartments	Meghen Duggins & Alison George
2:30 p.m.	08-024	Rocky Mountain HDC Cornerstone Apartments	Meghen Duggins & Joyce Alms-Ransford

Approval Process

2:45 p.m. 08-068 09-014 08-026 08-012 08-050 08-024

Other Business

3:00 p.m. Funding Cycle Policy Discussion Rick Hanger

Reasonable accommodation will be provided upon request for persons with disabilities. If you are a person with a disability who requires an accommodation to participate in this public meeting, please notify Trang Van at (303) 866-5154 by February 9, 2009.

cc:	Susan Kirkpatrick	CHATS	Teresa Duran	Kathi Williams
	Rick Hanger	Lynn Shine	Steve Bernia	State Housing Board Members

STATE HOUSING BOARD MINUTES
Colorado Division of Housing
1313 Sherman St., Denver, CO, Room 318
Tuesday, January 13, 2009

BOARD MEMBERS PRESENT: Suzanne Anarde, Theo Gregory, Sally Hatcher (via phone), Gene Lucero and Karen Weitkunat

BOARD MEMBERS ABSENT: Jack Kelly and Mike Rosser

DOH STAFF PRESENT: Kathi Williams, Rick Hanger, Denise Selders, Trang Van, Bill Whaley, Stephanie Morey, Teresa Duran, Ryan McMaken and Meghen Duggins.

CALL TO ORDER: Meeting was called to order by Theo Gregory at 1:10 p.m.

APPROVAL OF MINUTES: Minutes from the December meeting were approved.

DIRECTOR'S COMMENTS

The Neighborhood Stabilization Program (NSP) Plan was submitted to HUD on December 1st. CDOH just found out that Colorado was one of only eight state plans that were approved. The bad news is that once CDOH receives the letter from HUD, the clock will start ticking on the 18 months in which all the money must be out the door.

The Office of the Inspector General (OIG) came and felt that CDOH should have operated differently with the CDBG funding. CDOH felt and thought that the interpretation of the regulation was that as long as the populations of the non-entitlement areas were served then the requirements were met. However, the OIG made it clear that it doesn't matter who is served, but who the money is given to. The agreement is that CDOH will pay HUD back for the CDBG funds in the amount of $1.1 million. CDOH has been holding off on spending HDG funds in thoughts that it may need to use these funds to repay HUD. However, HUD has come back and has decided that CDOH will receive a reduction in CDBG funds in lieu of that.

CDOH also had a meeting with the Attorney General's Office last week. The Attorney General's Office has reached a settlement with Bank of America / Countrywide for $4.5 million. From that settlement, the Attorney General's Office would like to forward $500,000 to the Department of Local Affairs, the Division of Housing for foreclosure prevention, mitigation and minority outreach.

The legislature is now in session. Everyone has seen that the economic and budget outlook continues to deteriorate in the State of Colorado. The Department of Local Affairs had asked for the first round of budget cuts in which CDOH was not affected, but now the legislature and the Governor's Office has come back and asked for additional budget cuts. It may not be unrealistic that the $2.23 million in General Funds may not be preserved this next year or that the budget will be cut. However, this is still to be determined.

APPLICATIONS REVIEWED IN JANUARY

Delta Housing Authority (DHA) **Project Number: 09-002**
SFOO Rehab Program

Project Manager & Address: Jo Rosenquist, Executive Director
511 E. 10th St., Delta, CO 81416
(970) 874-7266
Fax (970) 874-8612

Project Description: DHA is requesting a $95,729 grant to fund salary, benefits and overhead for the Single Family Owner Occupied Rehabilitation (SFOO) loan program. This will be the third year that DHA has managed RLF funds from the old WCHDO Rehabilitation and Down Payment Assistance programs released to the State from bankruptcy in March 2006. This grant will cover administrative costs for 12 SFOO loans which will be offered in Delta, Montrose, and Ouray Counties, pending intergovernmental agreements. Montrose and Ouray Counties are in the process of developing entities that will contract with DHA to provide this service in the region.

Staff Recommendation: Full Funding **Date of Meeting:** January 13, 2009

Anarde	Full Funding	Lucero	Full Funding
Gregory	Full Funding	Rosser	Absent
Hatcher	Full Funding	Weitkunat	Full Funding
Kelly	Absent		

The Board approved Full Funding for this project.

Boulder County Housing Authority **Project Number: 09-015**
Longs Peak Energy Conservation SFOO Rehab

Project Manager & Address: JimWilson, Rehab Coordinator
P.O. Box 471, Boulder, CO 80304
(303) 564-2646
Fax (303) 564-2283
jwilson@bouldercounty.org

Project Address: Various locations in Boulder County (outside of Boulder and Longmont city limits)

Project Description: Boulder County Housing Authority (BCHA) is requesting a CDBG grant for $250,000 in support of the Longs Peak Energy Conservation SFOO Rehab program. These grant funds will be used to assist with the repair and rehabilitation of (ten) 10 homes by providing low-interest loans to homeowners earning less than 80% AMI. Historically those assisted by the program have fallen under the 50% AMI level. CDOH funds will be used only in the non-entitlement areas of Boulder County.

Staff Recommendation: Full Funding **Date of Meeting:** January 13, 2009

Anarde	Full Funding	Lucero	Full Funding
Gregory	Full Funding	Rosser	Absent
Hatcher	Full Funding	Weitkunat	Full Funding
Kelly	Absent		

The Board approved Full Funding for this project.

OTHER BUSINESS

- **Consolidated Plan – Lynn Shine and Mary Miller**
  - The State Housing Board suggested the following changes to the Plan:
    - "Maintain low/mod income homeownership" should be a high priority not a medium priority.
    - Either NSP should be broken out of the Consolidated Plan or the goals should reflect the NSP funds being infused.
    - A priority should be to preserve and maintain affordable housing before increasing the housing stock.
    - "Increase Affordable Rental Housing" should be a medium priority rather than a high priority.

The SHB were all in favor of the suggested changes above.

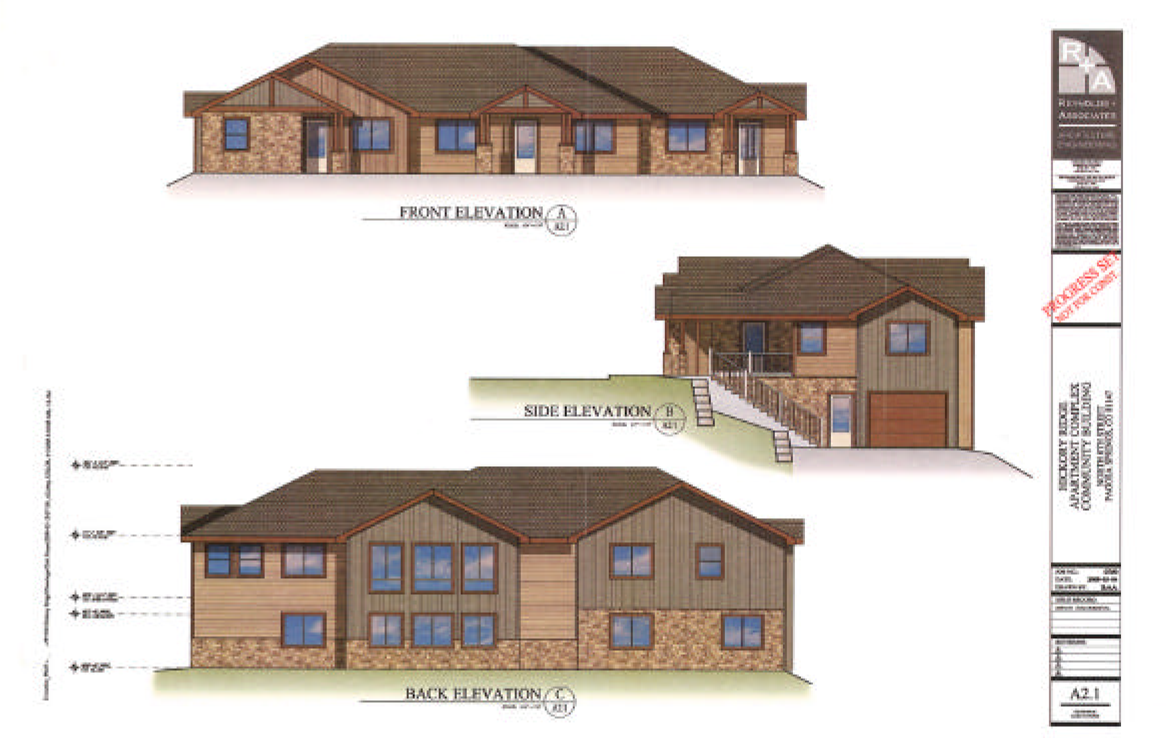
- **Policy Approvals – Teresa Duran**
  - Minimum Criteria Policy ➔ All in Favor
  - Consolidated Plan Policy ➔ All in Favor
  - Energy Standards Policy ➔ All in Favor

The meeting adjourned at 3:19 pm

FEBRUARY PRESENTATIONS

Town of Pagosa Springs / Opportunity Builders **Project Number: 08-068**
Hickory Ridge Apartments

Project Manager & Address: Tamra Allen, Interim Town Manager
551 Hot Springs Blvd., Pagosa Springs, CO 81147
(970) 264-4151 ext 235
Fax 264-4634
tallen@pagosasprings.co.gov



Project Address: 202 North Eighth St., Pagosa Springs, CO.

Project Description: Pagosa Springs (grantee) and Opportunity Builders (sub-grantee) are requesting a $225,000 grant for site acquisition in the construction of 40 units of low-income family apartments, and one manager's unit in the Town of Pagosa Springs. The project will use permanent financing from a fixed-rate permanent loan from Sun America (6.75%, 30-yr), Low-Income Housing Tax Credits, and owner equity from Opportunity Builders. It will contain two one-bedroom, eleven two-bedroom, and two three-bedroom units affordable at 40 % AMI, as well as six one-bedroom, 11 two-bedroom, and four three-bedroom apartments affordable at or below 50% AMI. It will also contain two two-bedroom, and two three-bedroom units affordable at or below 60% AMI, as well as a manager's unit that is unrestricted. The development will be located on approximately 5 acres within one mile of employment, shopping, and schools and will include a community center building of about 3,250 square feet.

Unit Type	Unit #	Beneficiaries' Income
Affordable Units		
(2) 1BR, (11) 2BR, (2) 3BR	15	≤ 40% of AMI ($30,200 - $53,900)
(6) 1BR, (11) 2BR, (4) 3BR	21	≤ 50% of AMI ($30,200 - $53,900)
(20 2BR, (2) 3 BR	4	≤ 60% of AMI ($30,200 - $53,900)
	40	
Market Rate Units		
Manager's Unit, (1) 3BR	1	
Total Units	41	

PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Land Acquisition	$717,000	$225,000	$492,000	LIHTC Proceeds	Committed
Building Permit and Tap Fees	$348,485		$186,260 $162,225	LIHTC Proceeds Pagosa Fee Deferral	Committed Committed
Off-Site Infrastructure	$180,000		$180,000	LIHTC Proceeds	Committed
On-Site Infrastructure and Site Work	$501,036		$501,036	LIHTC Proceeds	Committed
Construction	$4,698,964		$4,698,964	LIHTC Proceeds	Committed
Contingency	$220,000		$220,000	LIHTC Proceeds	Committed
Architect, Engineering	$195,549		$195,549	LIHTC Proceeds	Committed
Const. Interest, Fees, Taxes, Ins., Bonding	$404,456		$133,590 $270,866	LIHTC Proceeds CHFA Loan	Committed Committed
Permanent	$70,577		$70,577	CHFA Loan	Committed

Financing, Legal and LIHTC Costs					
Developers Fee	$900,000		$103,228 $796,772	CHFA Loan Deferred	Committed Committed
Marketing	$84,687		$84,687	CHFA Loan	Committed
Operating Reserves	$154,145		$154,145	LIHTC Proceeds	Committed
Totals	$8,474,899	$225,000	$8,249,899		

PROJECT ASSESSMENT FOR Rental New Construction

Criteria	Project Data	DOH Range
Building Cost		
Cost/sq. ft./Unit Cost	$180.43/Sq. ft. /$213,364/Unit	$135 - $205
Hard Cost/Unit/Sq. Ft.	$141.91/Sq. ft. / $163,573/Unit	$105 to $160
Soft Cost/Unit/Sq. Ft.	$44.33/Sq. ft. / $50,791/Unit	$25 to $40
Hard/Soft Cost	79%/21%	
Land Cost/Unit	$17,488	$10,000 - $18,000
Cost Effectiveness Rating		
DOH subsidy/unit	$5,625	$4,000 to $10,000
Cost Person Rating	4 / $2,269 / 30 years	1 to 10 Scale
Externality Rating	6	1 to 10 Scale
Rent Savings Rating	10 /61%	1 to 10 Scale
Financial Leveraging Rating	10	1 to 10 Scale
Composite Score	30	
Operating Cost		
PUPA	$3,851	$3,700 to $4,700
Annual Replacement Reserve	$300	$300 ($250 for seniors)
Debt Coverage Ratio	1.34	1.10 to 1.20

Capitalized Operating Reserve	8.5 months ($154,145)	4 months debt and operating costs
Financial Commitments		
Terms of Primary Financing	Sun America: $750,000, 6.75%, 30yr	
P.V. Tax Credits	.84	$.75 to .85
DOH Requirements		
Priority	Special Needs, High Growth	
Eligibility Criteria	CDBG, HOME, HDG	
Other Criteria		
# of Fully Accessible Units	3 / 7.3%	5% of Units Minimum
# of Visitable Units	11 / 27%	All units Encouraged
# of Energy Star Units	41 / 100%	Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	yes	Follow Denver Water Board Recommendations
# of 30% Units	0 /0%	5% of Units Encouraged

Comments:

- **Management Capacity**

  Pro:

  Opportunity Builders has been developing affordable housing communities using low-income housing tax credits (LIHTC) for over 12 years in 7 states. They own and operate over 200 units of LIHTC housing. GE Peters, the general contractor, has over 20 years in the development of over $15million. D&K Management will manage the project and they bring extensive experience including the current management of 39 projects nationwide with 33 years in management of affordable projects. The Town of Pagosa Springs has experience in managing CDBG contracts and will contract with Opportunity Builders to provide all information and reports needed.

  Con: None.

- **Public/Private Commitment**

  Pro:

  The Town of Pagosa Springs is waiving approximately $112,000 in impact fees for the project and will defer tap fees until the issuance of certificates of occupancy. Opportunity Builders will defer $796,772 in developer fees.

Con:
The project does not include any units targeted to 30% of AMI.

- **Market Demand**

  Pro:
  The Housing Market Study dated July, 2008 by Property Dynamics supports a capture rate of 25.86 percent for 40% units and 23.86 percent for 50% units of the income and size qualified renter households in the primary market area. The 60% units are projected at a capture rate of 7.03 percent. The market area vacancy rate for apartments is 0%, and three of seven comparable projects are currently carrying waiting lists. This project is consistent with the needs identified in the Archuleta County needs assessment and will conform to their strategic plan.

  Con: None.

- **Explain Variances from ranges** - Hickory Ridge is not located in a designated census tract or a difficult to develop area which would provide a 30 percent increase in the tax-credit calculation. Recent tax-credit pricing has dropped with decreased demand to the $.84 per dollar level.   The gap is further driven by the high cost of construction in a market area where materials and labor are drawn to surrounding mountain resort towns and the energy-related boom in single-family-home construction occurring in these oil and gas producing counties. This project spreads the cost of LIHTC syndication, accounting, and legal costs over only 41 units, resulting in a high soft cost per-unit. The project received a tax credit allocation without projecting CDOH funds, and the credit allocation was awarded without 30% units. The rents cannot be changed at this time without jeopardizing the tax credit partnership and permanent financing commitment.

- **Other Projects funded in Archuleta County Since 1/08: None**

- **County AMI: $53,900**

- **Other Pagosa Springs or Opportunity Builders projects funded since 1/08: None**

Staff Recommendation: Full Funding   **Date of Meeting:** February 10, 2009

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	

COLORADO DIVISION OF HOUSING * HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Hickory Ridge

Spreadsheet directions are to the right --->

Date: 2/3/2009

Applicant:

Spreadsheet Version: Application

PAGE #1

Operating Proforma

STABILIZED FIRST YEAR INCOME	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent
					0
1Br/1Ba	40%	2	820	355	8,520
1Br/1Ba	50%	6	820	456	32,832
2Br/1Ba	40%	11	1092	425	56,100
2Br/1Ba	50%	11	1092	546	72,072
2Br/1Ba	60%	2	1092	667	16,008
3Br/2Ba	40%	2	1369	486	11,664
3Br/2Ba	50%	4	1369	626	30,048
3Br/2Ba	60%	2	1369	766	18,384
3Br/2Ba	Mgr	1	1511	0	0
					0
					0
					0
					0
					0
					0
	Total units	41		Total Rent Income	245,628
	Total sq ft	45,231			
				Parking Income	0
				Laundry Income	4,500
				Other Income	4,711
				Total Income	254,839
	Vac. Rate	0.07		Less Vacancy	-17,839
				Effective Gross Income	237,000

EXPENSES			
Administrative Expenses			
Management Fee	14,220	5.79%	
On-site Personnel Payroll	35,100		
Health Ins. & Benefits			
Legal & Accounting	1,000		
Advertising	1,000		
Office Supplies	2,000		
Telephone	2,000		
Audit	7,500		
Other	1,000		
Total Administrative Expenses	63,820	25.98%	
Operating Expenses			
Utilities (owner paid)	17,065		
Trash Removal	7,380		
Fire & Liability Insurance	12,300		
Other			
Total Operating Expenses	36,745		
Maintenance			
Maintenance	3,075		
Repairs	5,125		
Grounds (inc. snow removal)	9,840		
Other			
Total Maintenance	18,040		
Real Estate Taxes	27,000		
Operating Reserve		unit avg.=	0
Replacement Reserve	12,300	unit avg.=	300
TOTAL ANNUAL EXPENSES	157,905		
NET OPERATING INCOME	79,095		
P.U.P.A. Expenses *	3,851		

* P.U.P.A = Per Unit Per Annum Expenses

DEBT SERVICE	
1st Mortgage	(59,082)
2nd Mortgage	0
3rd Mortgage	0
TOTAL DEBT SERVICE	(59,082)

BEP	88.34%	Poss D/S @ 1.1 DCR	71,905
		Project Debt Coverage Ratio	1.339

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

Morgan County **Project Number: 09-014**
Sexual Assault Response Advocates, Inc. (S.A.R.A.)
Teen Crisis Shelter & Child Advocacy Center

Project Manager & Address: Paula Bragg, Executive Director
Sexual Assault Response Advocates (S.A.R.A.), Inc.
220 Prospect Street, P.O. Box 633
Fort Morgan, CO 80701
(970) 867-2121, Ext. 22
Fax: (970) 867-0460
bragg_paula@yahoo.com

Project Photo:

Project Address: 418 Ensign Street, Fort Morgan, Morgan County, Colorado, 80701

Project Description: Morgan County, on behalf of Sexual Assault Response Advocates, Inc. (S.A.R.A.), a 501 (c)(3) non-profit corporation, requests a grant in the amount of $240,100 to assist in the payoff of a bridge loan from Funding Partners for the acquisition of an existing property located at 418 Ensign Street, in Fort Morgan. The property will serve as an overnight crisis shelter for teenage girls and their children who are victims of sexual assault and/or domestic violence. It will provide a total of 11 beds for 6 teens, 4 children, and 1 manager, as well as office space for S.A.R.A. A trained, on-site staff member will serve as the Resident Manager for the shelter. The property will also house a Child Advocacy Center which will provide support services to sexual assault victims and their families along with an area for the Police Department and doctors to conduct forensic interviews and examinations.

AFFORDABILITY

Type of Beds	# of Beds	Income of Beneficiaries (4-person households in Morgan County)
CDOH-Assisted Beds 1 dormitory with 10 beds	10	$\leq$ 80% of AMI ($43,100)
Employee Beds 1 dormitory with 1 bed	1	unrestricted
Total Beds	11	

PROJECT BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Acquisition & Closing Costs	$276,600	$239,100	$25,000 $10,000 $2,500	U.S. Dept. of Agriculture – Rural Development Grant Morgan County City of Fort Morgan	Committed Committed Committed
Rehabilitation & Equipment	$36,000		$36,000	USDA – RD Loan	Committed
Contingency	$4,000		$4,000	USDA – RD Loan	Committed
CDOH Contingency		$1,000			
Interest on Bridge Loan	$5,000		$5,000	Morgan County	Committed
Start Up Operating Costs	$35,000		$35,000	Colorado Division of Local Governments – Community Services Block Grant	Committed
Totals	$357,600	$240,100	$117,500		

PROJECT ASSESSMENT FOR Rental Acquisition w/ Rehab

Criteria	**Project Data**	**DOH Range**
Building Cost		
Cost/Bed/Sq. Ft.	$32,509 /Bed $98 /SF	$100 to $140
Hard Cost/Bed/Sq. Ft.	$28,182 /Bed $85 /SF	$90 to $120
Soft Cost/Bed/Sq. Ft.	$ 4,327 /Bed $13 /SF	$10 to $20
Hard/Soft Cost	87% Hard 13% Soft	
Cost Effectiveness Rating		
DOH subsidy/Bed	$21,827	$2,000 to $10,000
Annual Cost/Person Rating	$1,084 / 7 30 yrs	1 to 10 Scale
Externality Rating	6	1 to 10 Scale
Rent Savings Rating	0	1 to 10 Scale
Financial Leveraging Rating	0	1 to 10 Scale
Composite Score	13	1 to 40 Scale
Operating Cost		
PUPA	$4,827	$3,700 to $4,700
Annual Replacement Reserve	$300/Bed	$300
Debt Coverage Ratio	1.251	1.10 to 1.20
Capitalized Operating Reserve	$18,500	4 months debt & operating costs
Financial Commitments		
Terms of Primary Financing	$40,000 40 years 4.5%	USDA – RD Loan
P.V. Tax Credits	N/A	$.75 to .85
Other Criteria		
Fully Accessible Units	1 / 5%	5% of Units Encouraged
Visitable Units	1 / 5%, plus all common facilities on main level	All units Encouraged
Energy Star Units	None – although building has on-demand water heater	Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	No new planned	Denver Water Board Recommendation
30% AMI Units	N/A – No specific set-aside	5% of Units Encouraged
DOH requirements		
Priority	Special Needs – Emergency Shelter	
CDOH Funding Eligibility	CDBG, HDG	

Comments:

- **Management Capacity**
  Pro:
  1. Sexual Assault Response Advocates, Inc. (S.A.R.A.) is a 501 (c)(3) non-profit corporation which was officially organized in April of 2007. The Executive Director is responsible to the Board of Directors and provides administration and coordination of all programs. She has over 20 years experience in victim services, program development, grant writing and reporting, and public relations.
  2. S.A.R.A. provides crisis response, referral, support groups and ongoing support to victims of sexual violence and their non-offending family members. The program is being expanded to include a Child Advocacy Center and emergency shelter for teenage girls and their children.

  Con:
  1. S.A.R.A. does not have previous experience managing a shelter. However, SHARE, Inc. has operated the Fort Morgan domestic violence shelter since 1986 and will provide advice on policy and management issues.

- **Public/Private Commitment**
  Pro:
  1. Morgan County has agreed to sponsor this CDBG grant application on behalf of S.A.R.A. The county was also the sponsor for SHARE, Inc.'s domestic violence shelter grant in 2005.
  2. Morgan County has provided S.A.R.A. with $15,000 in TANF funds towards the establishment of the Child Advocacy Center. The City of Fort Morgan has provided $2,500 in support of this project. USDA Rural Development has provided a grant of $25,000 for acquisition of the property and a loan of $40,000 for ADA rehabilitation costs and equipment for the Child Advocacy Center.
  3. S.A.R.A. receives operational funding from a variety of Federal agencies, as well as private foundations, corporate contributions, private donations, and fundraising efforts.
  4. The Colorado Division of Local Governments has approved a grant for $35,000 in CSBG funds to assist with operating costs for the first year. This is a one-time funding source.

  Con: None.

- **Market Demand**
  Pro:
  1. Morgan County is part of the Thirteenth Judicial District, which is comprised of seven counties in northeastern Colorado. According to the Colorado Dept. of Human Services, this district has the highest reported child sexual assault and abuse cases per capita in the state. In 2007, there were 316 cases were reported in Morgan County. It

is estimated that the Child Advocacy Center will serve 100 children the first year, with the potential of providing services to 175 children on an annual basis thereafter.

2. Morgan County has 10-15 reported cases of adult sexual assault annually. That number is estimated to be roughly 25% of the actual number of assaults since many assaults are not reported to the authorities.
3. S.A.R.A. works collaboratively with organizations such as Baby Bearhugs, the Morgan County Department of Human Services, and Step-by-Step (Fort Morgan High School) to identify teens in crisis. Girls will be referred to the shelter due to homelessness, child abuse, sexual assault, or while awaiting placement in foster care, and/or for a safe place to stay for a cooling off period. The majority of these girls will either be pregnant or have 1-2 children. It is estimated that the shelter will provide approximately 600-750 nights of shelter per year.
4. SHARE's domestic violence shelter provided 947 nights of shelter during 2008.

Con: None.

Explain Variances from ranges:

- The amount of the CDOH subsidy of $21,827 per bed is higher than the range due to the fact that this is a shelter that does not charge rent and therefore cannot support substantial ongoing debt service. However, the amount of subsidy is in line with that of other shelters funded in the past by CDOH.
- The PUPA of $4,827 is slightly higher than the range due to certain fixed operating costs that are incurred regardless of the number of beds in the shelter.

Other projects funded in Morgan County since 1/08: **None.**

Other projects funded for Morgan County/S.A.R.A. since 1/08: **None.**

Morgan County AMI: $53,900

Staff Recommendation: Full Funding **Date of Meeting:** February 10, 2009

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	

COLORADO DIVISION OF HOUSING * HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Teen Crisis Center / Child Advocacy Center

Spreadsheet directions are to the right --->

Date: 2/3/2009

Applicant: Morgan County/S.A.R.A. **PAGE #1**

Spreadsheet Version: Application **Operating Proforma**

STABILIZED FIRST YEAR INCOME

	% AMI	#of beds	Sq. Ft.	Monthly Contrib.	Total Annual Contrib.
					0
Teen's Beds		6		500	36,000
					0
Children's Beds		4		500	24,000
					0
Resident Manager		1		0	0
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0

	Total beds 11	Total Income	60,000
	Total sq ft 3,632		
		Parking Income	0
		Laundry Income	0
		Other Income	0
		Total Income	60,000
	Vac. Rate 0.07	Less Vacancy	-4,200
		Effective Gross Income	55,800
		DEBT SERVICE	
		1st Mortgage	(2,158)
		2nd Mortgage	0
		3rd Mortgage	0
		TOTAL DEBT SERVICE	(2,158)
	BEP 92.10%	Poss D/S @ 1.1 DCR	2,455
		Project Debt Coverage Ratio	1.251

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

EXPENSES

Administrative Expenses		
Management Fee	0	0.00%
On-site Personnel Payroll	25,000	
Health Ins. & Benefits	2,000	
Legal & Accounting	1,500	
Advertising	1,000	
Office Supplies	2,000	
Telephone/Internet	2,300	
Audit	1,500	
Other		
Total Administrative Expenses	35,300	58.83%
Operating Expenses		
Utilities (owner paid)	4,000	
Trash Removal	1,000	
Fire & Liability Insurance	2,500	
Other		
Total Operating Expenses	7,500	
Maintenance		
Maintenance	4,000	
Repairs	2,000	
Grounds (inc. snow removal)	1,000	
Other		
Total Maintenance	7,000	
Real Estate Taxes	0	
Operating Reserve		unit avg.= 0
Replacement Reserve	3,300	unit avg.= 300
TOTAL ANNUAL EXPENSES	53,100	
NET OPERATING INCOME	2,700	
P.U.P.A. Expenses *	4,827	

* P.U.P.A = Per Unit Per Annum Expenses

Maplewood Apartments **Project Number: 08-026**
Rehabilitation and Refinance

Project Manager & Address: Bill Lunsford, Development Manager
Housing & Family Services
City of Lakewood
480 South Allison Parkway, Lakewood, CO 80226
(303) 987-7581
Fax: (303) 987-7693
BilLun@lakewood.org

Project Photo:

Project Address: 856 South Van Gordon Ct, City of Lakewood, Jefferson County

Project Description: The Lakewood Housing Authority (LHA) requests an HDG grant of $500,000 to pay off a bridge loan that they used to rehabilitate and refinance Maplewood Apartments. The apartment complex is located in the Green Mountain area of Lakewood, near shopping, schools, and a bus line. Maplewood is a 132-unit, non-subsidized, non-tax-credit property, built in the early 1970's and owned by LHA since 1993. LHA plans to remove the swimming pool and replace it with a community building that will house the management office, meeting space for both resident activities and services (counseling, job-training, computer lab, classes, etc.). When finished, the complex will continue to have 132 units, targeted as follows:

AFFORDABILITY

Type of Units	# of Units	Income of Beneficiaries (4-person households in Denver Metro)
CDOH HDG-Assisted Units		
(0) 1BR, (1) 2BR, (0) 3BR	1	≤ 50% of AMI ($35,850)
(1) 1BR, (1) 2BR, (1) 3BR	3	≤ 60% of AMI ($43,020)
Other Affordable Units		
(3) 1BR, (8) 2BR, (1) 3BR	12	≤ 30% of AMI ($21,500)
(8) 1BR, (30) 2BR, (7) 3BR	45	≤ 40% of AMI ($28,680)
(11) 1BR,(23) 2BR, (5) 3BR	39	≤ 50% of AMI ($35,850)
(7) 1BR,(20) 2BR, (4) 3BR	31	≤ 60% of AMI ($43,020)
Employee (1) & Market Rate Units (0)		
(0) 1BR, (1) 2BR, (0) 3BR	1	unrestricted
Total Units	132	

PROJECT BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Building Acquisition*	6,785,870		1,000,000	City of Lakewood HOME	committed
			2,630,000	Lakewood Housing Authority Donation	committed
			300,000	FHLB	committed
			105,000	Energy Outreach	committed
			1,490,000	Tax Credit Equity	committed
			1,260,870	CHFA SMART Loan	committed
Building Acquisition Bridge Loan*	844,130	499,000	345,130	Lakewood Housing Authority Loan	committed
Appraisal & Market Study	19,200		19,200	CHFA SMART Loan	committed
Environmental Studies	35,000		35,000	CHFA SMART Loan	committed
On-site Infrastructure	79,632		79,632	CHFA SMART Loan	committed
New Community Building	500,000		500,000	CHFA SMART Loan	committed
Rehabilitation	5,713,247		2,086,298	CHFA SMART Loan	committed
			550,000	CHFA HOF Loan	committed
			3,076,949	Tax Credit Equity	committed
Contingency	491,808		491,808	Tax Credit Equity	committed
Asbestos Abatement	620,620		620,620	Tax Credit Equity	committed
Furniture, Fixtures & Equipment	202,713		202,713	Tax Credit Equity	committed
Architect & Engineering	353,310		353,310	Tax Credit Equity	committed
Construction Management	50,000		50,000	Tax Credit Equity	committed
Interim Financing Costs	588,874		588,874	Tax Credit Equity	committed
Permanent Financing Costs	307,716		307,716	Tax Credit Equity	committed
Operating Reserve	380,000		95,101	Income during construction	committed
			284,899	Tax Credit Equity	committed
Developer's Fee	715,648		715,648	Tax Credit Equity	committed
Relocation	527,000		527,000	Tax Credit Equity	committed
Consultants	47,500		47,500	Tax Credit Equity	committed
CDOH Reporting Contingency	1,000	1,000	0		
Totals	18,263,268	500,000	17,763,268		

*Total cost of building acquisition is $7,630,000.

PROJECT ASSESSMENT FOR Rental Acquisition w/ Rehab

Criteria	**Project Data**				**CDOH Range**
Building Cost					
Cost/Unit/Sq. Ft.	$138,358	/Unit	$147.48	/SF	$100 to $140
Hard Cost/Unit/Sq. Ft.	$115,440	/Unit	$123.05	/SF	$90 to $120
Soft Cost/Unit/Sq. Ft.	$22,919	/Unit	$24.43	/SF	$10 to $20
Hard/Soft Cost	83%	Hard	17%	Soft	
Cost Effectiveness Rating					
CDOH subsidy/unit	$3,788				$2,000 to $10,000
Annual Cost/Person & Rating	$1,194	7	40	yrs	1 to 10 Scale
Externality Rating		8			1 to 10 Scale
Rent Savings Rating	92%	10			1 to 10 Scale
Financial Leveraging Rating	35	10			1 to 10 Scale
Composite Score		35			1 to 40 Scale
Operating Cost					
PUPA	$4,069				$3,700 to $4,700
Annual Replacement Reserve	$300				$300
Debt Coverage Ratio	1.14				1.10 to 1.20
Capitalized Operating Reserve	$380,000	5.3	months		4 months debt & operating costs
Financial Commitments					
Terms of Primary Financing	6.7%	35	yr amort, 17 yr term		
P.V. Tax Credits	$0.93				$.75 to .85
Other Criteria					
Fully Accessible Units	#0 / 0%, the new community building				5% of Units Encouraged
Visitable Units	all of the new community building				All units Encouraged
Energy Star Units	Units are not tested, but all appliances will be E-Star				Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	No – preexisting				Denver Water Board Rec.
30% AMI Units	12 / 9%				5% of Units Encouraged
CDOH requirements					
Priority	High Growth, Preservation				
CDOH Eligibility Criteria	HOME, HDG				

Comments:

- **Management Capacity**

  Pro:

  1. The Lakewood Housing Authority (LHA) was founded in 1974. It owns 630 rental units, plus 737 in partnerships. It also recently built & leased up the 70-unit Willow Glen Senior Apartments. LHA administers about 1,200 Section 8 vouchers. Bill Lunsford, Housing Development Manager for the City of Lakewood, has over 25 years of experience in real estate finance and development.
  2. Community Capital Corp.'s Don Kitto is the development consultant, Dan Morgan is the tax credit consultant, Otis Odell is the architect, ICF International is the relocation consultant and CFC Construction is the contractor. Barbara Crook will provide on-going compliance monitoring & reporting.

  Con: None.

- **Public/Private Commitment**

  Pro:

  1. LHA sold the complex for $5 million to the tax credit partnership, a donation of $2,630,000 off the "as is" appraised value.
  2. The City of Lakewood has awarded $1,000,000 of HOME funds to this project.
  3. Since the debt on the property was about $4.09 million, LHA kept roughly $908,000 in equity. LHA committed $845,130 of it as a loan to the project (at 4%, payable from cash flow). CDOH funds would pay down this loan, so it shows as $345,130 in the budget.
  4. LHA has secured grants from Energy Outreach Colorado ($105,000) and FHLB ($300,000).
  5. LHA will reinvest any positive operating cash flow during the rehabilitation, if they realize any ($95,101 is in the budget).

  Con:

  1. LHA is not deferring any of its developer's fee. The rehab work is about 30% complete, with 18% of the contingency spent, but LHA expects to need more than the amount of the budgeted contingency. To the extent needed, LHA will re-invest their loan funds to complete this project, and if they need still more, then they would defer developer's fee. After the project is complete, any remaining developer's fee or equity from the sale will be used for future affordable housing development activities.

- **Market Demand**

  Pro:

  1. A market study was completed in January 2007. It found that tax credit projects in the area are typically 97-98% occupied, and expects that about 80% of current residents will income-qualify & continue to live at Maplewood. After rehab, the analyst expects this complex to be in superior condition compared to other apartments in the area.
  2. Tenant's energy bills will be greatly reduced by the replacement of windows,

furnaces, water heaters, A/C units, plumbing fixtures, lighting fixtures & appliances. All new equipment will be high-efficiency/low water use. The new clubhouse will have a solar system to provide hot-water as well as radiant heat in the floors & walls.
3. The complex's marketability will also be enhanced with the replacement of kitchen and bathroom cabinets, vanities & countertops; new flooring & paint; and removal of walls to make kitchens open to living areas. LHA will also modernizing exteriors, add full balconies, upgrade the playground & re-surface parking lots.
4. In early 2007, Maplewood Apartments had a 5% vacancy rate. In early 2008, LHA started to not fill empty units in preparation for the rehabilitation work, and it is currently 50% occupied.
5. Proposed rents are far below average rents in unrestricted units in the Lakewood South market area, and all are below FMRs.

Con:
1. According to the Denver Metro Apartment Vacancy and Rent Survey for the 3rd Quarter of 2008, that market area has a 6.7% vacancy rate in unrestricted units.
2. According to the Colorado Affordable Housing Vacancy and Rent Study from the 2nd Quarter of 2008, 11.5% of affordable rentals in Jefferson County were vacant; however, the count included Maplewood.

Explain Variances from ranges:
- Hard costs are over the range because of the cost of asbestos abatement and the cost of building a new community building, neither of which are typical of rehabilitation projects.
- Soft costs are high because LHA is using 9% tax credits, and because of tenant relocation.
- The tax credit sales price is high, but USBancorp CDC has provided an equity commitment letter.

Other projects funded in Jefferson County since 2/08:
- 2/08 – RMHDC/Sheridan Ridge Townhomes $275,000

Other projects funded for Lakewood Housing Authority since 2/07: None.

Jefferson County AMI: $71,800

Staff Recommendation: Full Funding **Date of Meeting:** February 10, 2009

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	

COLORADO DIVISION OF HOUSING * HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Maplewood Apts.

Spreadsheet directions are to the righ

Date: 133 2/3/2009

Applican 31 Lakewood HA **PAGE #1**

Spreadsheet Version: Jan '09 PCMtg **Operating Proforma**

from 10/30/08 LIHTC Carryover

STABILIZED FIRST YEAR INCOME						**EXPENSES**			
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses			
1br/1ba	30%	3	660	328	11,808	Management Fee	50,000	5.29%	
1br/1ba	40%	8	660	453	43,488	On-site Personnel Payroll	65,000		
1br/1ba	50%	11	660	592	78,144	Health Ins. & Benefits	35,000		
1br/1ba	60%	8	660	592	56,832	Legal & Accounting	8,000		
						Advertising	24,000		
2br/1ba	30%	8	820	383	36,768	Office Supplies	5,000		
2br/1ba	40%	30	820	545	196,200	Telephone	5,000		
2br/1ba	50%	24	820	675	194,400	Audit			
2br/1ba	60%	21	820	695	175,140	Other - Compliance Monitoring	8,000		
2br/1ba	employee	1	820	0	0	Other - Leased Equip	5,000		
						Total Administrative Expenses	205,000	21.67%	
3br/2ba	30%	1	990	435	5,220	Operating Expenses			
3br/2ba	40%	7	990	621	52,164	Utilities (owner paid)	110,000		
3br/2ba	50%	5	990	798	47,880	Trash Removal	7,500		
3br/2ba	60%	5	990	798	47,880	Fire & Liability Insurance	35,000		
						Other			
	Total units	132		Total Rent Income	945,924	Total Operating Expenses	152,500		
	Total sq ft	106,500				Maintenance			
				Parking Income		Maintenance	70,000	inc staff	
				Laundry Income	5,400	Repairs	45,000		
				Other Income	18,600	Grounds (inc. snow removal)	25,000		
				Total Income	969,924	Other			
	Vac. Rate	0.07		Less Vacancy	-67,895	Total Maintenance	140,000		
				Effective Gross Income	902,029	Real Estate Taxes			
						Operating Reserve		unit avg.=	0
			DEBT SERVICE			Replacement Reserve	39,600	unit avg.=	300
				1st Mortgage	(295,207)	TOTAL ANNUAL EXPENSES	537,100		
				2nd Mortgage	(25,400)	NET OPERATING INCOME	364,929		
				3rd Mortgage	0	P.U.P.A. Expenses *	4,069		
				TOTAL DEBT SERVICE	(320,607)	* P.U.P.A = Per Unit Per Annum Expenses			
	BEP	90.67%		Poss D/S @ 1.1 DCR	331,754				
				Project Debt Coverage Ratio	1.138				

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

		#	%
*Note:	30% units	12	9%
	40% units	45	34%
	50% units	40	30%
	60% units	34	26%
	employee unit	1	1%
	Total	132	
	1 br	30	23%
	2br	84	64%
	3br	18	14%
	Total	132	

Casa De Rosal Denver VOA Affordable Housing, Inc **Project Number: 09-041**
Casa De Rosal

Project Manager & Address: Charles W. Gould, President
Volunteers Of America National Services
1660 Duke Street
Arlington, VA 22314
703-341-5000

Project Address: 735 and 755 Vrain Street, Denver, CO 80204

Project Description: Casa De Rosal Denver VOA Affordable Housing, Inc is requesting a $450,000 grant to repay the CDOH Revolving Loan Fund (RLF) loan that was awarded per RLF contract # 08-012 for construction expenses of the Casa de Rosal senior rental development. RLF funds were loaned because HOME or HDG grant funds were unavailable for award. The project is located at 735 and 755 Vrain Street in Denver. Casa de Rosal is a 54-unit senior rental development that includes laundry room, exercise room, community room and management office. Unit sizes range from 675 SF for one-bedroom units to 875 SF for two-bedroom units. The project is a partnership between Troy Gladwell of Medici Communities LLC and Volunteers of America National Service (VOANS). The Volunteers of America will also manage the property and provide case management services on site as well as to the tenants of Casa Dorado which is next door.

Type of Units	# of Units	Income of Beneficiaries (4-person households in Denver County)
CDOH HOME/ HDG-Assisted Units		
(1) 1 BR, (1) 2 BR	2	≤ 50% of AMI ($35,900)
(3) 1 BR	3	≤ 60% of AMI ($43,080)
CDOH RLF-Assisted Units		
(3) 2BR	3	≤ 60% of AMI ($43,080)
Other Affordable Units		
(6) 1BR, (6) 2BR	12	≤ 30% of AMI ($21,550)
(9) 1BR, (9) 2BR	18	≤ 40% of AMI ($28,720)
(8) 1BR, (8) 2BR	16	≤ 50% of AMI ($35,900)
Total Units	54	

PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Acquisition	1,067,651		1,067,651	Low Income Housing Tax Credits (LIHTC)	committed
Appraisal & Market Study	11,500		11,500	LIHTC	committed
Architect/Engineering	408,525		408,525	LIHTC	committed
Building Permit & Tap Fees	311,455		311,455	LIHTC	committed
Construction	6,110,842		5,620,842	LIHTC	committed
			490,000	City of Denver HOME funds	committed
Construction bridge loan	899,100	450,000	449,100	CHFA loan	committed
Const. Contingency	544,163		544,163	LIHTC	committed
Construction Loan Expenses	460,565		460,565	LIHTC	committed
Perm Loan Expenses	177,017		177,017	LIHTC	committed
Operating Reserve	380,000		380,000	Denver's Road Home	committed
Developers Fee	1,038,021		1,038,021	LIHTC	committed
Marketing	179,200		179,200	LIHTC	committed
Total	**11,588,039**	**450,000**	**11,138,039**		

PROJECT ASSESSMENT FOR Rental/New Construction

Criteria	Project Data				CDOH Range
Building Cost					
Cost/Unit/Sq. Ft.	$214,613	/Unit	$194.18	/SF	$120 to $180
Hard Cost/Unit/Sq. Ft.	$145,675	/Unit	$131.81	/SF	$95 to $140
Soft Cost/Unit/Sq. Ft.	$50,883	/Unit	$46.04	/SF	$25 to $40
Land Cost/unit	$18,056	/Unit	$0.30		$10,000 to $18,000
Hard/Soft Cost	74%	Hard	26%	Soft	
Cost Effectiveness Rating					
CDOH subsidy/unit	$8,333				$4,000 to $10,000
Annual Cost/Person & Rating	$3,152	1	30	yrs	1 to 10 Scale
Externality Rating	8	8			1 to 10 Scale
Rent Savings Rating	27%	4			1 to 10 Scale
Financial Leveraging Rating	25	10			1 to 10 Scale
Composite Score		23			1 to 40 Scale
Operating Cost					
PUPA	$4,371				$3,700 to $4,700
Annual Replacement Reserve	$255				$300 ($250 for seniors)
Debt Coverage Ratio	1.15				1.10 to 1.20
Capitalized Operating Reserve	$380,000		15	mos	4 months debt & operating costs
Financial Commitments					
Terms of Primary Financing	40	years	$899,100		CHFA, 7.35%
P.V. Tax Credits	0.88				$.75 to .90
Other Criteria					
Fully Accessible Units	3				5% of Units Encouraged
Visitable Units	54 / 100%				All units Encouraged
Energy Star Units	Units will receive E-Star appliances, local & regional suppliers, designer is LEED certified.				Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	Yes				Denver Water Board Recommendation
30% AMI Units	12 or 22%				5% of Units Encouraged
CDOH requirements					
Priority	High Growth, special needs				
CDOH Eligibility Criteria	HOME, HDG				

Comments:

- **Management Capacity**
  Pro:
  1. Applicant has experience in this type of development and is using a contractor with experience in senior rental development of the same type. Recent CDOH monitoring activity of VOA projects has shown performance and compliance.
  2. Construction work is currently 25% completed to date and is ahead of schedule and on budget.

  Con: None.

- **Public/Private Commitment**
  Pro:
  1. Project is financially supported by the City of Denver H&NDS division and anticipates receiving funding for supportive services funding from the City of Denver's Road Home program.
  2. Developer has locked in $.88/$1 for LIHTCs, the financing is still in place.

  ***Con*:** None.

- **Market Demand**
  ***Pro*:**
  1. Affordable senior housing developments in Denver are generally leased up and experience a high and growing demand. Senior developments are generally also the most accepted affordable housing developments in neighborhoods. A similar project in the area showed a quick lease up rate.

  ***Con*:** None.

Explain Variances from ranges:

- High soft costs are driven by the syndication costs of tax credit financing and CHFA's loan.
- Operating Reserve Account appears to cover 15 months of operating expenses and debt service. This has been provided by Denver Department of Human Services and will be used for supportive services as an operating expense.

Other Projects funded in Denver County since 1/08:

- VOA Affordable Living Center/ HUD 811 --$225,000
- VOA NS/ Casa De Rosal (loan) --$450,000
- Rocky Mountain HDC/ Cornerstone--$500,000
- Denver Housing Authority/ Block 5B --$705,000

Other VOA projects funded since 1/08

- VOA National Service via City of Montrose/ Sunshine Peak-- $571,696
- VOA Colorado Branch/ Durango Shelter --$175,000

Denver County AMI: $71,700

Staff Recommendation: Full Funding **Date of Meeting:** February 10, 2009

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	

COLORADO DIVISION OF HOUSING * HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Casa De Rosal

Date: 2/5/2009

Applicant: VOA NS

Spreadsheet Version: 1

Spreadsheet directions are to the right --->

PAGE #1

Operating Proforma

STABILIZED FIRST YEAR INCOME						EXPENSES		
	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses		
1 Bdrm	30%	6	653	337	24,264	Management Fee	17,360	5.14%
1 Bdrm	40%	9	653	472	50,976	On-site Personnel Payroll	46,320	
1 Bdrm	50%	9	653	555	59,940	Health Ins. & Benefits	11,810	
1 Bdrm	60%	3	653	632	22,752	Legal & Accounting		
2 Bdrm	30%	6	963	394	28,368	Advertising	6,460	
2 Bdrm	40%	9	963	555	59,940	Office Supplies	10,922	
2 Bdrm	50%	9	963	612	66,096	Telephone		
2 Bdrm	60%	3	963	713	25,668	Audit		
					0	Other Admin expenses	3,938	
					0	Total Administrative Expenses	96,810	28.64%
					0	Operating Expenses		
					0	Utilities (owner paid)	25,077	
					0	Trash Removal	3,025	
					0	Fire & Liability Insurance	35,895	
					0	Other	10,139	
					0	Total Operating Expenses	74,136	
	Total units	54		Total Rent Income	338,004	Maintenance		
	Total sq ft	43,632				Maintenance	24,960	
				Parking Income		Repairs	11,508	
				Laundry Income	1,815	Grounds (inc. snow removal)	6,050	
				Other Income		Other	6,340	
				Total Income	339,819	Total Maintenance	48,858	
	Vac. Rate	0.07		Less Vacancy	-23,787	Real Estate Taxes	2,502	
				Effective Gross Income	316,032	Operating Reserve		unit avg.= 0
						Replacement Reserve	13,750	unit avg.= 254.6
		DEBT SERVICE				TOTAL ANNUAL EXPENSES	236,056	Yes
				1st Mortgage	(69,808)	NET OPERATING INCOME	79,976	
				2nd Mortgage	0	P.U.P.A. Expenses *	4,371	
				3rd Mortgage	0	* P.U.P.A = Per Unit Per Annum Expenses		
		TOTAL DEBT SERVICE			(69,808)			
	BEP	90.49%		Poss D/S @ 1.1 DCR	72,705	*Note:		
				Project Debt Coverage Ratio	1.15			

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

Mercy Housing Colorado **Project Number: 08-050**
Aromor Apartments

Project Manager & Address: Ms. Alison George, Multifamily Director
Mercy Housing Colorado
1999 Broadway, Ste 1000, Denver, CO 80202
(303-830-3470
Fax 303-830-3319
ageorge@mercyhousing.org

Project Photo:

Project Address: 1309 Grant Street, Denver, CO 80203

Project Description: Mercy Housing Colorado is requesting a grant of $660,000 to repay a bridge loan for the acquisition and rehabilitation of the Aromor Apartments located at 1309 Grant Street in Denver, Colorado. Mercy Housing Colorado provided a bridge loan to this project in the spring 2008 to permit construction of this project to begin on-time in September 2008. Unit leasing and occupancy is expected in May 2009. The Aromor Apartments is a 3-story dwelling built in 1927. It is on the register of historic landmarks, and many features of the rehabilitation will restore the building's architectural features. The building contains 66 studio units and common rooms including lounges, rooms for case management and a commercial kitchen. Mercy has partnered with Denver's Road Home, Denver Housing Authority, and other nonprofits in order to provide service-enriched housing to formerly homeless residents. Tenants will be referred through Denver's Road Home.

AFFORDABILITY

Type of Units	# of Units	Income of Beneficiaries (4-person households in Denver County)
CDOH HOME-Assisted Units		
(2) 0 BR,	2	≤ 30% of AMI ($21,500)
(7) 0 BR	7	≤ 50% of AMI ($35,850)
Other Affordable Units		
(18) 0 BR	18	≤ 30% of AMI ($21,500)
(39) 0BR	39	≤ 50% of AMI ($35,850)
Total Units	66	

PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Acquisition*	$1,000,000		$1,000,000	Low Income Housing Tax Credit (LIHTC)	committed
Bridge Loan for: Acquisition, Interim Costs, Marketing/Furniture	$400,000 $222,529 $37,471	$659,000			
Appraisal & Market Study	$55,000		$55,000	LIHTC	committed
Architect/ Engineering	$310,000		$310,000	LIHTC	committed
Building Permit & Tap Fees	$85,660		$85,660	LIHTC	committed
Construction	$4,859,458		$1,000,000	Schaden Family Foundation	committed
			$400,000	Affordable Housing Program	committed
			$475,000	Denver - HOME Funds	committed
			$2,984,458	LIHTC	committed
Contingency	$416,494		$416,494	LIHTC	committed
Interim Costs**	$196,649		$196,649	LIHTC	committed
Permanent Loan Expenses	$250,665		$250,665	LIHTC	committed
Operating Reserve	$201,945		$201,945	LIHTC	committed
Developer's Fee	$1,170,354		$948,225	LIHTC	committed
			$222,129	Deferred Fee	committed
Marketing***	$7,229		$7,229	LIHTC	committed
Replacement Reserve	$26,400		$26,400	LIHTC	committed
CDOH contingency	$1,000	$1,000			
Totals	$9,240,854	$660,000	$8,579,855		

*Total Acquisition Expense = $1,400,000

**Interim Costs = $419,178

***Total Marketing = $44,700

Comments:

- **Management Capacity**
  Pro:
  1. Mercy Housing Colorado has several properties that have received CDOH funds in the past 8 years. Monitoring visits have revealed high capacity for performance and compliance.
  2. Mercy Housing is one of the nation's largest not-for-profit affordable housing developers. Mercy has developed and currently operates 24 *supportive* housing properties, totaling 2,001 units. Mercy Services Corporation, a subsidiary of Mercy Housing, Inc, has experience using a blended management model which combines property and case management to provide supportive services for those who have been homeless or are at risk for homelessness. Impact at properties has been measured, showing favorable indicators of improvement in participants' lives.
     Con: None.

- **Public/Private Commitment**
  Pro:
  1. Denver Housing Authority (DHA) is providing 66 project-based vouchers. DHA will be a non-managing member with no more than a 1% interest in Aromor Mercy, LLC to ensure the property will be exempt from real estate taxes.
  2. Denver's Road Home has networked with the philanthropic community to identify a partnership with the Shaden Family Foundation (of Quizno's restaurants), who is donating $1 million for the rehabilitation and an additional $500,000 for supportive resident services.
  3. Mercy also has service agreements with nonprofit providers of mental health and substance abuse treatment, including ARTS, CHARG, Empowerment, and Mental Health of America
  4. City and County of Denver has committed $475,000 of HOME funds.

  Con:
  1. Project Based Voucher contract is subject to annual appropriations and is good for 10 years, after which time Mercy will plan to request an extension. As a fall back, if Mercy does not receive an extension they would then plan to operate the property at the 30/50% AMI mix and cut the front desk clerks and eliminate program services.

- **Market Demand**
  Pro:
  1. Denver's Commission to End Homelessness indicates that 171 units of transitional housing are needed and 2,080 units of permanently affordable housing are needed. Based on the market study conducted by Novogradic & Company, absorption should occur within 4-5 months of completion.
  2. Location is within close proximity to public transportation, hospitals, service providers, banks, grocery stores and other neighborhood amenities.

  Con: None.

Explain Variances from ranges

- PUPA is high for several reasons including
  - 3 FTEs- with 1.5 FTE the PUPA falls w/in range, but 24-hour on-site management is necessary for supportive housing;
  - Admin costs include on-site property maintenance
  - Utilities are paid by the owner
- Mercy was allowed a 5% boost in the allowable developer fee per CHFA’s QAP. This additional amount will be placed in a restricted account to fund the intensive resident services. They are deferring 19% of their developer fee which will be repaid back to the partnership after the 4th year, at which time they will then pay partnership fees out of cash flow.
- Per Unit Costs are high for several reasons, including:
  - high number of units with small square footage a
  - large amount of non-living space for common areas and programs, including a commercial kitchen;
  - rehab has included asbestos mitigation and historic review for doors, fixtures, tile work, etc.
- Hard costs are high for several reasons, including:
  - Units will be furnished with beds, a table and 2 chairs
- Soft costs are high due to high legal costs, including:
  - Partnership agreements with DHA for tax-exempt status and Project Based Section 8 Vouchers,
  - Soft funds from City of Denver and other grant sources,
  - Tax credit syndication fees, and
  - Supportive service agreements
- There is no permanent debt on the property, as it is not sustainable after year 4. Developer fees and management fees are payable through cash flow.
- Dev fee 12.7%; CHFA's QAP allowed a 5% boost, up to 17%, 5% back to operating costs
- Property does not require an annual operating reserve because there is no debt service, but has capitalized 6 months of operating expenses and a lease up reserve.

Other projects funded in Denver County since 1/08:

- 08-012 Casa De Rosal $450,000
- 07-054 VOA Affordable Living Center $225,000

Other projects funded for Mercy Housing Colorado since 1/08:

- None

Denver County AMI: $71,700

Staff Recommendation: Partial Funding of $450,000
not to exceed the City’s funding

Date of Meeting: February 10, 2009

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	

COLORADO DIVISION OF HOUSING * HOUSING DEVELOPMENT ANALYSIS SPREADSHEET

Project Name: Aromor Apts

Spreadsheet directions are to the right --->

Date: 2/3/2009

Applicant: Mercy Housing Colorado **PAGE #1**

Spreadsheet Version: 1/12/2009 **Operating Proforma**

STABILIZED FIRST YEAR INCOME						**EXPENSES**		
BR	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent	Administrative Expenses		
0Br/1Ba	30%	20	305	619	148,560	Management Fee	31,200	6.36%
0Br/1Ba	50%	46	326	619	341,688	On-site Personnel Payroll + tax	150,000	
					0	Health Ins. & Benefits	21,450	
					0	Legal & Accounting	6,000	
					0	Advertising	1,200	
					0	Office Supplies	13,800	
					0	Telephone	4,889	
					0	Audit	9,778	
						misc		
					0	Renting Expenses	6,228	
					0	Total Administrative Expenses	244,545	49.88%
					0	Operating Expenses		
					0	Utilities (owner paid)	64,778	
					0	Trash Removal	3,000	
					0	Fire & Liability Insurance	22,500	
					0	exterminating	5,400	
					0	Total Operating Expenses	95,678	
	Total units 66			Total Rent Income	490,248	Maintenance		
	Total sq ft 21,120					Maintenance	29,544	
				Parking Income	0	Repairs		
				Laundry Income	2,500	Grounds (inc. snow removal)	611	
				Other Income	0	Other		
				Total Income	492,748	Total Maintenance	30,155	
	Vac. Rate	0.07		Less Vacancy	-34,492	Real Estate Taxes (PILOT)	3,500	
				Effective Gross Income	458,256	Operating Reserve	0	0
						Replacement Reserve	19,800	unit avg.= 300
		DEBT SERVICE				TOTAL ANNUAL EXPENSES	390,178	32,515
				1st Mortgage	0	NET OPERATING INCOME	68,078	
				2nd Mortgage	0	P.U.P.A. Expenses *	5,912	reflects 24 hr desk clerks
				3rd Mortgage	0	* P.U.P.A = Per Unit Per Annum Expenses		
		TOTAL DEBT SERVICE			0			
	BEP	79.59%		Poss D/S @ 1.15 DCR	59,198	*Note:		
			Project Debt Coverage Ratio		#DIV/0!			

BEP = Break Even Point

Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio

Rocky Mountain HDC **Project Number: 08-024**
Cornerstone Apartments

Project Manager & Address: Joyce Alms Ransford, Executive Director
142 W 5th Avenue
Denver, CO 80209
303-561-1870
Fax: 303-477-1513
jalmsranford@rockymountainHDC.org

Project Address: 1001 Park Avenue, Denver, CO 80205

Project Description: Rocky Mountain Housing Development Corporation (RMHDC) is requesting an additional $110,000 CDOH grant to help offset a funding shortfall that developed after the start of project construction. The use of Project-Based Vouchers in this project and the overall height of the structure have required the use of commercial Davis-Bacon wage rates. The original construction budget did not account for the cost difference between commercial and residential wages resulting in additional construction costs of $823,000. Other stakeholders are helping to close the gap, including CHFA through issuing supplemental tax credits and the City of Denver by providing a loan. The scope of the project, including the unit mix shall remain the same per HOME and HDG contracts.

Rocky Mountain HDC received a $500,000 CDOH grant (January 2008) for soft costs in the new construction of the Cornerstone Apartments located at 1001 Park Avenue, Denver, CO 80205. This project consists of a 5 story building with 51 units of rental housing primarily for chronically homeless and homeless individuals and individuals coming out of transitional housing (see table below). The structure will have two elevators and structured underground parking. The first floor will have space for residential services, a medical clinic, and residential and security offices. The CDOH grant will be matched with funds from the St. Francis Center, Denver's Road Home, City of Denver HNDS and equity funds for a total project cost of $11,433,771.

Type of Units	# of Units	Income of Beneficiaries (4-person households in Denver County)
CDOH HOME-Assisted Units (1)1BR	1	< 50% of AMI ($35,850)
CDOH HDG-Assisted Units (2) 0BR, (1) BR	3	< 50% of AMI ($35,850)
Other Affordable Units (8) 0BR, (18) 1BR	26	< 30% of AMI ($21,500)
(4) 1BR	4	< 40% of AMI ($28,680)
(15) 1BR	13	< 50% of AMI ($35,850)
Employee Unit(1)	1	unrestricted
Total Units	51	

PROGRAM BUDGET

Project Activities	Total Project Cost	State Funds Requested	Other Funds	Source	Status
Acquisition	910,266	0	624,025	St Francis equity	committed
			286,241	CDOH HDG funds	committed
Appraisal & Market Study	12,462		12,462	St Francis Equity	committed
Architect/Engineering	410,749		410,749	St Francis equity	committed
Building Permit & Tap Fees	160,056	0	160,056	St Francis equity	committed
Construction	8,152,073	0	7,352,073	LIHTC	committed
			400,000	Affordable Housing Program (AHP)	committed
			400,000	Supportive Housing and Homeless Programs (SHHP)	committed
Davis-Bacon Commercial wage rate increase	823,000	109,000	389,000	LIHTC	committed
			325,000	City of Denver	committed
Off-Site Infrastructure	193,255	0	193,255	St Francis Equity	committed
Contingency	396,932	0	396,932	St Francis Equity	committed
Construction Loan Expenses	605,260		605,260	Denver HOME funds	committed
Atty and LIHTC fees	217,652		177,080	Denver HOME funds	committed
			40,572	CDOH HOME funds	committed
Operating Reserve	189,553	0	189,553	LIHTC	committed
Developers Fee	445,343	0	173,187	CDOH HOME funds	committed
			153,286	deferred developer fee	committed
			118,870	LIHTC	committed
Marketing	10,000	0	10,000	LIHTC	committed
Tenant Relocation	10,000	0	10,000	St Francis equity	committed
CDOH Contingency	1,000	1,000	0		pending
Totals	12,537,601	110,000	12,427,601		

PROJECT ASSESSMENT FOR Rental New Construction

Criteria	Project Data				CDOH Range
Building Cost					
Cost/Unit/Sq. Ft.	$250,732	/Unit	$319.23	/SF	$135 to $205
Hard Cost/Unit/Sq. Ft.	$178,046	/Unit	$243.17	/SF	$105 to $160
Soft Cost/Unit/Sq. Ft.	$40,886	/Unit	$55.84	/SF	$25 to $40
Hard/Soft Cost	81%	Hard	19%	Soft	$10,000 - $18,000
Cost Effectiveness Rating					
CDOH subsidy/unit	$12,200				
Annual Cost/Person & Rating	1			yrs	1 to 10 Scale
Externality Rating	8				1 to 10 Scale
Rent Savings Rating	5				1 to 10 Scale
Financial Leveraging Rating	10				1 to 10 Scale
Composite Score	24				1 to 40 Scale
Operating Cost					
PUPA	$5,561.86				$3,700 - $4,700
Annual Replacement Reserve	$300.00				$300 ($250 for seniors)
Debt Coverage Ratio	0%		no perm debt		1.10 to 1.20
Capitalized Operating Reserve	0.00		not necessary w/ Project based		4 months debt & operating costs
Financial Commitments					
Terms of Primary Financing	0.0%		years		
P.V. Tax Credits	$0.94				$.85 to .95
Other Criteria					
Fully Accessible Units	3 & 5 Percent of Unit				5% of Units Encouraged
Visitable Units	51 & 100 Percent of Units				All units Encouraged
Energy Star Units	All units will have all appliances, furnaces and lighting as energy star rated.				Units Have Minimum 80 HERS Rating or equivalent
Water Efficient Landscape	yes				Denver Water Board Recommendation
30% AMI Units	15/50, 30 %				5% of Units Encouraged
CDOH requirements					
Priority	High Growth, special needs,				
CDOH Eligibility Criteria	HOME, HDG				

Comments:

- **Management Capacity**

  Pro:

  1. Rocky Mountain HDC and co-general partner St. Francis center are both faith-based non-profits with many years of experience in serving the homeless population of Denver.
  2. Rocky Mountain HDC also manages other HUD-funded affordable projects such as; Foothills Green Townhomes, Arapahoe Green Townhomes and Willow Green Townhomes.
  3. Current construction of the building is 25% complete and is on time.

  Con: None.

- **Public/Private Commitment**

  Pro:

  1. The project is supported by $1.8M in funds from the St. Francis Center and also has a commitment of capital funding from Denver's Road Home and the Denver's HOME funds ($1,107,340).
  2. The project was also ranked as a 1st priority under the Metro Denver Homeless Initiative's Continuum of Care Samaritan Fund.

  Con: None.

- **Market Demand**

  Pro:

  1. According to Homelessness in Metro Denver, Eighth Annual Point in Time Study, there were an estimated 10,604 homeless individuals in Metro Denver.

  Con: None.

- **Explain Variances from ranges**

  1. PUPA costs are higher due to the high number of 30% AMI in the project and the costs of 24 hour desk staffing.
  2. Hard Cost and Soft Cost are higher due to the structured underground parking, 2 elevators, and the demolition of an existing structure for this project.

Other Projects funded in Denver County since 1/08:

- VOA Affordable Living Center / HUD 811 --$225,000
- VOA National Service / Casa De Rosal (loan) --$450,000
- Rocky Mountain HDC / Cornerstone--$500,000
- Denver Housing Authority / Block 5B --$705,000

Other projects funded for Rocky Mountain HDC since 1/08:

- Rocky Mountain HDC/ Sheridan Ridge $275,000

Denver County AMI: $71,700

Staff Recommendation: Full Funding of an additional $110,000 **Date of Meeting:** February 10, 2009

Anarde		Lucero	
Gregory		Rosser	
Hatcher		Weitkunat	

Rental Housing Project Underwriting Analysis
Housing &
Neighborhood
Development Services

Project Name: Cornerstone D-B
Date: 2/3/2009
Applicant: Rocky Mtn HDC
Spreadsheet Version: MD_2

Spreadsheet directions are to the right --->

PAGE #2
Operating Proforma

STABILIZED FIRST YEAR INCOME

Bedrooms	% AMI	#of units	Sq. Ft.	Monthly Rent	Total Annual Rent
0 Bdrm	30%	10	425	619	74,280
1 Bdrm	30%	5	547	619	37,140
1 Bdrm	30%	15	547	705	126,900
1 Bdrm	40%	4	547	705	33,840
1 Bdrm	50%	12	547	705	101,520
1 Bdrm	50%	4	563	705	33,840
					0
					0
					0
					0
					0
					0
					0
					0
					0
					0
	Total units	50		Total Rent Income	407,520
	Total sq ft	26,194			
				Parking Income	0
				Laundry Income	0
				Other Income	0
				Total Income	407,520
	Vac. Rate	0.07		Less Vacancy	-28,526
				Effective Gross Income	378,994
		DEBT SERVICE			
				1st Mortgage	0
				2nd Mortgage	0
				3rd Mortgage	0
		TOTAL DEBT SERVICE			0
	BEP	68.24%		Poss D/S @ 1.1 DCR	91,728
				Project Debt Coverage Ratio	#DIV/0!

EXPENSES

Administrative Expenses			
Management Fee	20,000	4.91%	
On-site Personnel Payroll	16,286		
Health Ins. & Benefits	4,600		
Legal & Accounting	11,750		
Advertising	1,000		
Office Supplies	2,000		
Telephone	5,160		
Audit	0		
Other(desk staff+leased equip)	26,500		
Total Administrative Expenses	87,296	21.42%	
Operating Expenses			
Utilities (owner paid)	40,000	66.66667 =monthly unit avg.	
Trash Removal	7,000		
Fire & Liability Insurance	22,500		
Other(security)	16,099		
Total Operating Expenses	85,599		
Maintenance			
Maintenance	38,150		
Repairs	24,200		
Grounds (inc. snow removal)	1,500		
Other			
Total Maintenance	63,850		
Real Estate Taxes	26,348		
Operating Reserve	0	unit avg.=	0
Replacement Reserve	15,000	unit avg.=	300
TOTAL ANNUAL EXPENSES	278,093		
NET OPERATING INCOME	100,901		
P.U.P.A. Expenses *	5,562		

* P.U.P.A = Per Unit Per Annum Expenses

BEP = Break Even Point
Poss D/S @ 1.1 DCR = Possible Debt Service at a 1.1 Debt Coverage Ratio